



GOV. MSG. NO. 782

EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

April 23, 2007

The Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
State Capitol
Honolulu, Hawaii 96813

Dear Madam President:

The United Public Workers (UPW) and the employer entered into a tentative agreement concerning Bargaining Unit 1 on April 22, 2007. In accordance with Section 89-10(b), cost items must be submitted to the Legislature for appropriation within ten days of ratification. While this agreement has not yet been ratified, the following summaries of the included and excluded requirements of the agreement for the upcoming fiscal biennium are being transmitted to the Legislature for authorization in anticipation of union ratification to facilitate meeting the legislative timetable:

	<u>FY 08</u>	<u>FY 09</u>	<u>Biennium</u>
General	\$ 7,379,644	\$16,790,767	\$24,170,411
Special	2,231,999	4,901,126	7,133,125
Federal	279,724	637,141	916,865
Other	<u>125,409</u>	<u>277,779</u>	<u>403,188</u>
Total	\$10,016,776	\$22,606,813	\$32,623,589

Attached to the legislative transmittals is a proposed conference draft amending Senate Bill No. 1381, in its entirety, to fund the agreement. The proposed draft is effective July 1, 2007.

Honorable Colleen Hanabusa

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The Legislative Auditor recommended that general fund appropriations include Social Security/Medicare and pension accumulation amounts for all programs, regardless of method of financing. As a result, the current budgeting practice is to include amounts for Social Security/Medicare and pension accumulation for non-general fund programs in the general fund appropriation. These costs are reimbursed by those programs through payroll assessments received by the general fund as non-tax revenues. The net general fund costs of the agreement, after reimbursements for Social Security/Medicare and pension accumulation, are as follows:

	<u>FY 08</u>	<u>FY 09</u>	<u>Biennium</u>
General	\$6,952,554	\$15,846,320	\$22,808,874

An agreement with the UPW regarding Employer-Union Health Benefits Trust Fund (EUTF) contribution amounts has also been reached. Because of lower medical premium rates for FY 08, FY 08 EUTF appropriations are not required. The FY 09 amounts above provide \$394,526 for estimated EUTF costs for included members of the bargaining unit and their excluded counterparts.

Sincerely,



LINDA LINGLE

Attachment

c: Honorable Rosalyn H. Baker

A BILL FOR AN ACT

MAKING APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

PART I

SECTION 1. There are appropriated or authorized from the sources of funding indicated below to departmental administration & budget division (BUF 101) the following sums, or so much thereof as may be necessary, to fund for fiscal biennium 2007-2009 the salary increases and other cost adjustments in the agreement negotiated with the exclusive bargaining representative of collective bargaining unit 1:

	<u>FY 2007-2008</u>	<u>FY 2008-2009</u>
General Funds	6,013,972	13,489,106
Special Funds	2,122,809	4,476,306
Federal Funds	273,934	623,824
Other Funds	125,409	277,779

Of the above listed amounts, the following amounts are for the department of education, including the Hawaii state public library system:

	<u>FY 2007-2008</u>	<u>FY 2008-2009</u>
General Funds	3,437,899	7,711,350

1 SECTION 2. Funds appropriated or authorized by this part
2 shall be allotted by the director of finance to the appropriate
3 state departments for expenditure in the respective fiscal year
4 for the purposes of this part.

5 PART II

6 SECTION 3. There are appropriated or authorized from the
7 sources of funding indicated below to departmental
8 administration & budget division (BUF 101) the following sums,
9 or so much thereof as may be necessary, to fund for fiscal
10 biennium 2007-2009 the salary increases and other cost
11 adjustments authorized by chapter 89C, Hawaii Revised Statutes,
12 for state officers and employees excluded from collective
13 bargaining who belong to the same compensation plans as those
14 officers and employees within collective bargaining unit 1:

	<u>FY 2007-2008</u>	<u>FY 2008-2009</u>
16 General Funds	153,881	322,534
17 Special Funds	109,190	224,820
18 Federal Funds	5,790	13,317

19 Of the above listed amounts, the following amounts are for
20 the department of education, including the Hawaii state public
21 library system:

	<u>FY 2007-2008</u>	<u>FY 2008-2009</u>
23 General Funds	134,079	275,858
24 Special Funds	105,990	217,670

1 SECTION 4. Funds appropriated or authorized by this part
2 shall be allotted by the director of finance to the appropriate
3 state departments for expenditure in the respective fiscal year
4 for the purposes of this part.

5 PART III

6 SECTION 5. There are appropriated or authorized from the
7 sources of funding indicated below to administration (JUD 601)
8 the following sums, or so much thereof as may be necessary, to
9 fund for fiscal biennium 2007-2009 the salary increases and
10 other cost adjustments in the agreement negotiated with the
11 exclusive bargaining representative of collective bargaining
12 unit 1:

	<u>FY 2007-2008</u>	<u>FY 2008-2009</u>
14 General Funds	99,749	224,163

15 SECTION 6. Funds appropriated or authorized by this part
16 shall be allotted by the chief justice for expenditure in the
17 respective fiscal year for the purposes of this part.

18 PART IV

19 SECTION 7. There are appropriated or authorized from the
20 sources of funding indicated below to hospital care - Hawaii
21 health systems corporation (HTH 210) the following sums, or so
22 much thereof as may be necessary, to fund for fiscal
23 biennium 2007-2009 the salary increases and other cost
24 adjustments in the agreement negotiated for state officers and

1 employees in collective bargaining unit 1 assigned to the Hawaii
2 health systems corporation:

	<u>FY 2007-2008</u>	<u>FY 2008-2009</u>
4 General Funds	1,071,668	2,275,537

5 SECTION 8. Funds appropriated or authorized by this part
6 shall be allotted by the director of finance to the Hawaii
7 health systems corporation for expenditure in the respective
8 fiscal year for the purposes of this part.

9 PART V

10 SECTION 9. There are appropriated or authorized from the
11 sources of funding indicated below to hospital care - Hawaii
12 health systems corporation (HTH 210) the following sums, or so
13 much thereof as may be necessary, to fund for fiscal
14 biennium 2007-2009 the salary increases and other cost
15 adjustments authorized by chapter 89C, Hawaii Revised Statutes,
16 for state officers and employees excluded from collective
17 bargaining who belong to the same compensation plans as those
18 officers and employees within collective bargaining unit 1
19 assigned to the Hawaii health systems corporation:

	<u>FY 2007-2008</u>	<u>FY 2008-2009</u>
21 General Funds	40,374	84,901

22 SECTION 10. Funds appropriated or authorized by this part
23 shall be allotted by the director of finance to the Hawaii

1 health systems corporation for expenditure in the respective
2 fiscal year for the purposes of this part.

3 PART VI

4 SECTION 11. There are appropriated or authorized from the
5 sources of funding indicated below to Hawaii employer-union
6 trust fund (BUF 143) the following sums, or so much thereof as
7 may be necessary, to fund for fiscal biennium 2007-2009 the
8 Hawaii employer-union health benefits trust fund costs contained
9 in the agreement negotiated with the exclusive bargaining
10 representative of collective bargaining unit 1:

	<u>FY 2007-2008</u>	<u>FY 2008-2009</u>
12 General Funds	393,526

13 Of the above listed amounts, the following amounts are for
14 the department of education, including the Hawaii state public
15 library system:

	<u>FY 2007-2008</u>	<u>FY 2008-2009</u>
17 General Funds	65,610

18 SECTION 12. Funds appropriated or authorized by this part
19 shall be allotted by the director of finance to the appropriate
20 state agencies for expenditure in the respective fiscal year for
21 the purposes of this part.

22 PART VII

23 SECTION 13. There are appropriated or authorized from the
24 sources of funding indicated below to Hawaii employer-union

1 trust fund (BUF 143) the following sums, or so much thereof as
2 may be necessary, to fund for fiscal biennium 2007-2009 the
3 Hawaii employer-union health benefits trust fund costs
4 authorized by chapter 89C, Hawaii Revised Statutes, for state
5 officers and employees excluded from collective bargaining who
6 belong to the same compensation plans as those officers and
7 employees within collective bargaining unit 1:

	<u>FY 2007-2008</u>	<u>FY 2008-2009</u>
9 General Funds	1,000

10 SECTION 14. Funds appropriated or authorized by this part
11 shall be allotted by the director of finance to the appropriate
12 state agencies for expenditure in the respective fiscal year for
13 the purposes of this part.

14 PART VIII

15 SECTION 15. Salary increases and cost adjustments provided
16 in this Act for any officer or employee whose compensation is
17 paid, in whole or in part, from federal, special, or other funds
18 shall be paid wholly or proportionately, as the case may be,
19 from the respective funds.

20 SECTION 16. Funds appropriated or authorized by this Act
21 that are not expended or encumbered by June 30, 2008, and
22 June 30, 2009, of the respective fiscal years, shall lapse as of
23 those dates.

24 SECTION 17. This Act shall take effect on July 1, 2007.